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# Iowa Legislative Fiscal Bureau

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## Rebuild Iowa Infrastructure Fund

### ISSUE

This *Issue Review* provides an overview of the current status of the Rebuild Iowa Infrastructure Fund and the most recent revenue projections for the Fund for FY 1997 through FY 1999.

### AFFECTED AGENCIES

All State agencies

### CODE AUTHORITY

Section 8.57(5), Code of Iowa

House File 2421 (Transportation, Infrastructure, and Capitals Appropriations Act)

### BACKGROUND

The Rebuild Iowa Infrastructure Fund was first funded by the 1995 General Assembly when SF 475 (State Financial Provisions Act) and HF 584 (Rebuild Iowa Infrastructure Act) dedicated interest earnings from the Cash Reserve and the Economic Emergency Funds, and appropriated \$50.0 million from the General Fund to the Rebuild Iowa Infrastructure Fund. The 1996 General Assembly passed HF 2421 which dedicated racing and gaming receipts in excess of \$60.0 million to the Rebuild Iowa Infrastructure Fund. This provision was made retroactive to July 1, 1995, and resulted in \$46.2 million of additional revenue to the Fund in FY 1996.

House File 2421 also included a definition of vertical infrastructure which placed restrictions on the use of moneys in the Rebuild Iowa Infrastructure Fund beginning in FY 1998. The definition was amended to Section 8.57(5)(c), 1995 Code Supplement, which states:

*“Moneys in the fund in a fiscal year shall be used as directed by the General Assembly for public vertical infrastructure projects. For the purposes of this subsection, vertical infrastructure includes only land acquisition and construction, major renovation and major repair of buildings, all appurtenant structures, utilities, site development, and recreational trails. Vertical infrastructure does not include routine, recurring maintenance or operational expenses or leasing of a building, appurtenant*

*structure, or utility without a lease-purchase agreement. However, appropriations may be made for the purpose of funding the completion of Part III of the Iowa Communications Network.”*

### **FY 1996**

In FY 1996, the Rebuild Iowa Infrastructure Fund received a total of \$119.6 million in revenue. This includes \$23.4 million in interest earnings, \$46.2 million in racing and gaming receipts, and \$50.0 million from a General Fund appropriation.

The following table compares the actual FY 1996 revenues with the estimated.

**Rebuild Iowa Infrastructure Fund  
FY 1996  
Through June 30, 1996**

	<u>Estimated</u>	<u>Actual</u>	<u>Balance</u>
Interest	\$ 23,100,000	23,464,398	\$ 364,398
Racing & Gaming Receipts	39,300,000	46,171,642	6,871,642
Appropriation	50,000,000	50,000,000	0
Total	<u>\$ 112,400,000</u>	<u>\$ 119,636,040</u>	<u>\$ 7,236,040</u>

In FY 1996 the General Assembly appropriated \$48.0 million from the Rebuild Iowa Infrastructure Fund for numerous infrastructure-related projects. Of this, State agencies expended \$31.2 million which represents 65.0% of the appropriated funds. Many of the appropriations have been made available for several years to allow adequate time to complete the projects.

Only two agencies reverted funds at the end of FY 1996. These include:

- \$482 from the \$341,000 appropriation to Braille and Sight Saving School for the replacement of a boiler.
- A reversion of the entire \$100,000 appropriation to the Department of Corrections to remodel the visitation area of the Mitchellville Correctional Facility. The \$100,000 was not sufficient to complete the remodeling and the project never went forward.

The following table shows appropriations and expenditures of the Rebuild Iowa Infrastructure Fund for FY 1996.

**Rebuild Iowa Infrastructure Fund Projects**

**FY 1996**

**Through June 30, 1996**

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Balance</u>	<u>Reversion Date</u>
1. Iowa Communications Network (ICN)	\$ 18,790,000	\$ 18,790,000	\$ 0	No reversion date
2. Armory Maintenance	382,000	310,315	71,685	Aug-96
3. Fairfield Armory	250,000	11,549	238,451	Aug-98
4. Camp Dodge Vehicle Bldg.	420,000	420,000	0	Aug-96
5. Innovations Fund	1,000,000	1,000,000	0	Funds do not revert
6. Exterior Capitol Restoration	7,165,000	2,206,244	4,958,756	Aug-00
7. General Services Maintenance	4,000,000	1,533,718	2,466,282	Aug-00
8. Capitol Interior Renovation	2,100,000	586,059	1,513,941	Aug-00
9. Capitol Fire Safety	1,600,000	0	1,600,000	Aug-00
10. Capitol Complex Monuments	200,000	0	200,000	Aug-98
11. World War II Memorial	200,000	0	0	Aug-98
12. Fort Madison - ICN	161,000	161,000	0	Aug-96
13. Mitchellville Visitation Area	100,000	0	100,000	Aug-96
14. Braille and Sight Saving School	341,000	340,518	482	Aug-96
15. Iowa School for the Deaf	50,000	50,000	0	Aug-96
16. ISU - Environmental Safety	2,000,000	2,000,000	0	Aug-96
17. SUI - Environmental Safety	2,000,000	2,000,000	0	Aug-96
18. UNI Arts Center/Renovation	3,000,000	944,457	2,055,543	Aug-99
19. DHS - XPERT System	1,076,000	0	1,076,000	Aug-97
20. NEICC Agriculture Emergencies Bldg.	1,000,000	509,037	490,963	Aug-97
21. Welcome Centers	600,000	350,000	250,000	Aug-97
22. State Fair Board	1,542,023	0	1,542,023	Aug-97 to the Gen. Fund
Total	<u>\$ 47,977,023</u>	<u>\$ 31,212,897</u>	<u>\$ 16,564,126</u>	

NOTE: All unobligated funds will revert to the Rebuild Iowa Infrastructure Fund unless otherwise specified.

**FY 1997 - FY 1999**

The Rebuild Iowa Infrastructure Fund is estimated to receive \$151.7 million in FY 1997. This includes a beginning balance of \$71.7 million, interest earnings of \$26.4 million, racing and gaming receipts totaling \$53.5 million, and \$0.1 million from FY 1996 reversions. The FY 1997 appropriations from the Rebuild Iowa Infrastructure Fund totaled \$136.7 million resulting in an estimated ending balance of \$15.0 million.

The FY 1998 revenues are estimated at \$99.5 million, which includes the \$15.0 million beginning balance, \$26.4 million in interest, and \$58.1 million in racing and gaming receipts. For FY 1999, revenues are estimated at \$84.5 million which assumes the same level of interest earnings and racing and gaming receipts as FY 1998.

The 1996 General Assembly made several multi-year appropriations from the Rebuild Iowa Infrastructure Fund and specified a commitment of future year funding for two projects within intent language. In addition, the definition of vertical infrastructure specifically allowed for continued funding of the Iowa Communications Network from the Fund for FY 1998 and FY 1999.

Assuming full funding of the FY 1998 and FY 1999 commitments, the General Assembly has committed \$54.6 million in appropriations in FY 1998 and \$32.0 million in FY 1999. Based on the projected revenue, the General Assembly will have \$44.9 million in FY 1998 and \$52.4 million in FY 1999 available for new appropriations.

The table in **Attachment A** shows the projected funding and appropriations of the Rebuild Iowa Infrastructure Fund. A more detailed description of the projects is provided on **Attachment B**.

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**Rebuild Iowa Infrastructure Fund**  
**Actual FY 1996 Appropriations and Projected Funding**

Resources	Actual FY 1996	Estimated FY 1997	Estimated FY 1998	Estimated FY 1999
Beginning Balance	\$ 0	\$ 71,659,017	\$ 14,952,471	\$ 0
Accrued Interest	23,464,398	26,400,000	25,000,000	25,000,000
Racing & Gaming Receipts	46,171,642	53,500,000	58,100,000	58,100,000
General Fund Appropriation	50,000,000	0	0	0
Reversions from Prior Year		100,482		
<b>Total</b>	<b>\$ 119,636,040</b>	<b>\$ 151,659,499</b>	<b>\$ 98,052,471</b>	<b>\$ 83,100,000</b>
<b>Appropriations</b>				
1. Iowa Communications Network (ICN)	\$ 18,790,000	\$ 20,800,000	\$ 0 **	\$ 0 **
2. Armory Maintenance	382,000	567,000	0	0
3. Fairfield Armory	250,000	0	0	0
4. Camp Dodge Vehicle Bldg.	420,000	0	0	0
5. DOM - Innovations Fund	1,000,000	0	0	0
6. Exterior Capitol Restoration	7,165,000	9,300,000	7,600,000	0
7. General Services Major Maintenance	4,000,000	6,500,000	0	0
8. Capitol Interior Renovation	2,100,000	2,800,000	0	2,300,000
9. Capitol Fire Safety	1,600,000	0	0	0
10. Old Historical Building Renovation	0	5,400,000	4,100,000	0
11. Lucas Building Renovation	0	3,100,000	2,500,000	0
12. Tunnel Renovation (Lucas to Capitol)	0	100,000	400,000	0
13. Terrace Hill Maintenance	0	150,000	0	0
14. Capitol Complex Monuments	200,000	0	0	0
15. World War II Memorial	200,000	0	0	0
16. General Services - Staff	0	50,000	0	0
17. Natural Resources CCC & WPA Structures	0	3,000,000	0	0
18. Fort Madison ICN Hookup	161,000	0	0	0
19. Clarinda ICN Hookups	0	150,000	0	0
20. Mitchellville Visitation Area	100,000	0	0	0
21. Prison Construction Debt Service	0	3,179,500	0	0
22. Regents Capitals	7,391,000	51,000,000	8,340,000	6,800,000
23. DHS - XPERT System	1,076,000	790,000	0	0
24. DHS Training/Technology	0	818,000	0	0
25. NEICC Agriculture Emergencies Bldg.	1,000,000	0	0	0
26. School Technology	0	15,000,000	0	0
27. DED - Physical Infrastructure Program	0	2,000,000	0	0
28. DED - Infrastructure Financial Asst.	0	3,900,000	6,100,000	0
29. DED - Welcome Centers	600,000	0	0	0
30. Veterans Home - Dining Room Expansion	0	500,000	0 *	0 *
31. Veterans Affairs Records Automation	0	85,373	0	0
32. County Fairs	0	495,000	0	0
33. Public Safety - IOWA System Upgrades	0	300,000	0	0
34. Public Safety - AFIS Maintenance	0	222,155	0	0
35. Cultural Affairs Museum/Discovery Center	0	500,000	0 *	0
36. Recreational Trails	0	1,000,000	0 **	0 **
37. State Fair Board	1,542,023	5,000,000	0	0
<b>Total</b>	<b>\$ 47,977,023</b>	<b>\$ 136,707,028</b>	<b>\$ 29,040,000</b>	<b>\$ 9,100,000</b>
Available for Appropriation			69,012,471	74,000,000
Ending Balance	\$ 71,659,017	\$ 14,952,471	\$ 0	\$ 0

\* HF 2421 specified through intent language that the General Assembly would appropriate \$1.4 million in FY 1998 for continuation of the Veterans Homes dining room expansion and \$500,000 for the Cultural Affairs Museum Discovery Center.

\*\* The definition of "vertical infrastructure" allows for funding Part III of the ICN and Recreational Trails Program from the Rebuild Iowa Infrastructure Fund. The cost of the ICN Part III in FY 1998 and FY 1999 is estimated at \$22.6 million and \$20.0 million respectively. The cost of the Recreational Trails Program is estimated at \$1.0 million annually.

## **Projects Funded from the Rebuild Iowa Infrastructure Fund**

1. **Iowa Communications Network (ICN):** Appropriations used to connect Part III authorized users to the ICN as well as funding the maintenance and recurring lease costs of the Network.
2. **Armory Maintenance:** Appropriations for the maintenance and repair of National Guard armories throughout the State.
3. **Fairfield Armory:** Appropriation to complete the construction of an addition to the National Guard Armory in Fairfield.
4. **Camp Dodge Vehicle Storage Bldg.:** Appropriation for construction of a vehicle storage building at the Camp Dodge Maintenance Armory.
5. **DOM - Innovations Fund:** This program is administered by the Department of Management and is intended to provide innovation and technological advancement in State government. Projects funded through this program must demonstrate a cost savings to the State. The Innovations Fund has been set up as a revolving fund and State agencies are required to reimburse the Fund from savings realized. As an incentive, agencies are eligible to retain a portion of the cost savings.
6. **Exterior Capitol Restoration:** Appropriations to complete the exterior restoration of the State Capitol Building.
7. **General Services Major Maintenance:** Appropriation for health and fire safety improvements to State facilities and institutions. The Department of General Services allocates the funds to numerous state agencies for improvements to facilities.
8. **Capitol Interior Renovation:** Appropriations to complete the interior restoration of the State Capitol Building.
9. **Capitol Fire Safety:** Appropriation for the installation of a sprinkler system in the State Capitol Building.
10. **Old Historical Building Renovation:** Appropriations to complete the renovation of the Old Historical Building.
11. **Lucas Building Renovation:** Appropriations to complete the renovation of the first, second, and sixth floors of the Lucas Building.
12. **Tunnel Renovation:** Appropriations for the renovation of the tunnel that connects the Lucas Building with the State Capitol Building.
13. **Terrace Hill Maintenance:** Appropriation for deferred maintenance improvements at Terrace Hill.
14. **Capitol Complex Monuments:** Appropriation for improvements to the Civil War and Allison monuments located on the Capitol Complex
15. **World War II Memorial:** Appropriation for the construction of the World War II Memorial.

16. **General Services Staff:** Appropriation for 1.0 FTE positions for the Property Management Division of the Department of General Services for oversight and monitoring of infrastructure projects.
17. **Natural Resources CCC & WPA Structures:** Appropriation for improvements to state park facilities built by the Civilian Conservation Corps (CCC) or the Work Progress Administration (WPA).
18. **Fort Madison ICN Hookup:** Appropriation to connect the Fort Madison Correctional Facility to the ICN
19. **Clarinda ICN Hookup:** Appropriation to connect the Clarinda Correctional Facility to the ICN.
20. **Mitchellville Visitation Area:** Appropriation for remodeling the visitation area at the Mitchellville Correctional Facility. The appropriation was not sufficient to complete the remodeling and the project never went forward. The funds reverted to the Rebuild Iowa Infrastructure Fund in August 1996.
21. **Corrections Debt Service:** Appropriation for debt service payments on the lease purchase and certificate of participation agreements for construction and improvements of correctional facilities.
22. **Regents Capitals:** Appropriations for maintenance, renovation, and construction of new building at Regents' institutions.
23. **DHS - XPERT System:** Appropriation for costs associated with the implementation of the Department of Human Services' X-PERT computer system. The FY 1996 appropriation (\$1,076,000) is to be used to fund overtime of DHS staff working on the development of the XPERT System. The FY 1997 appropriation (\$790,000) is to support 17.0 FTE positions in the DHS General Administration budget for the operational costs associated with the XPERT system.
24. **DHS Training/Technology:** Appropriation for computer training and software upgrades for DHS field staff. The appropriation is being used to support 5.0 FTE positions in the DHS General Administration budget for implementing the training functions.
25. **NEICC Agricultural Emergencies Building:** This appropriation will be used for the construction of a building on the Northeast Iowa Community College campus to house the National Center for Agricultural Rescue and Emergencies. This appropriation is contingent upon the successful receipt of federal or private matching funds.
26. **School Technology:** Appropriation for School Improvement Technology Program created in SF 2063 (School Improvement Technology Program Act).
27. **DED - Physical Infrastructure Program:** Appropriation to the Physical Infrastructure Assistance Fund used to provide financial assistance for business or community infrastructure development or redevelopment projects.
28. **DED - Physical Infrastructure Financial Assistance:** Appropriations for loan guarantees, irrevocable letters of credit, and for indemnification for liability agreements associated with the development of infrastructure-related projects.

29. **DED - Welcome Centers:** Appropriations for three welcome centers which include: \$250,000 to complete construction of the Northwood Welcome Center; \$275,000 for construction of the Western Historic Trails Welcome Center; and \$75,000 for construction of a welcome center at Winterset.
30. **Veterans Home - Dining Room Expansion:** Appropriation for design and architectural costs associated with the expansion of the Veterans Home food preparation and dining room. House File 2421 also specifies the intent of the General Assembly that \$1,400,000 be appropriated in FY 1998 for the project. The project will also require an appropriation of \$1,900,000 in FY 1999 to complete the State funding which will match \$7,020,000 in federal funds.
31. **Veterans Affairs Automation:** Appropriation for hardware and software necessary to automate the records of the Commission on Veterans Affairs.
32. **County Fairs:** Appropriation for infrastructure improvements at county fairgrounds.
33. **Public Safety - IOWA System Upgrades:** Appropriation to upgrade the Iowa On-line Warrants and Articles (IOWA) Criminal Justice Information System and to establish data transmission service to emergency management offices in each county.
34. **Public Safety - AFIS Maintenance:** Appropriation for the annual maintenance cost of the Automated Fingerprint Information System (AFIS).
35. **Cultural Affairs Museum/Discovery Center:** Appropriation for construction of the Mississippi River Museum and Discovery Center. House File 2421 also specifies the intent of the General Assembly that an additional \$500,000 be appropriated in FY 1998 for the project.
36. **Recreational Trails:** Appropriation for funding the State Recreational Trails Program.
37. **State Fair Board:** Appropriations for improvements to facilities at the Iowa State Fair Grounds.